

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6023**

**BILL NUMBER:** SB 265

**NOTE PREPARED:** Oct 28, 2003

**BILL AMENDED:**

**SUBJECT:** Elimination of State Property Tax Levies.

**FIRST AUTHOR:** Sen. Miller

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill eliminates the statewide ad valorem property taxes imposed for the State Forestry Fund, for the State Fair, and for Department of Local Government Finance data base management.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The bill would eliminate the property tax levies for the State Forestry Fund, for the State Fair, and for the Department of Local Government Finance data base management. The levies generated \$7.0 M in FY 2001, \$6.3 M in FY 2002, and \$4.5 M in FY 2003. The FY 2003 amount is lower than previous years since property tax reassessments were not finalized in all the counties. Property taxes are collected on a calendar year basis, so the amount of fiscal year collections may vary depending on the June and December property tax settlements.

The calendar year receipts generally amount to about \$6 M. In CY 2003, the tax is expected to generate about \$9 M. Under current law, the tax rate will be reduced in CY 2004 to compensate for AV increases due to the reassessment. The expected revenue will then be back around \$6 M. The loss in revenue to the state would be roughly \$6 M per year beginning in CY 2006. FY 2006 losses would be about \$3 M (½ year).

*Background:* The property tax rate for the State Fair Fund is \$0.0008 per \$100 of Assessed Value. The property tax rate for the State Forestry Fund is \$0.0016 per \$100 of Assessed Value. Of the levy generated from the \$0.0016 rate, an amount generated by a property tax rate of \$0.00157 is deposited in the State Forestry Fund and an amount generated by a property tax rate of \$0.00003 is appropriated to the State Budget

Agency for purposes of the Department of Local Government Finance data base management.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Fair Board, Department of Natural Resources; Department of Local Government Finance.

**Local Agencies Affected:**

**Information Sources:** Indiana Handbook of Taxes, Revenue, and Appropriations.

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